

Herald Tribune

Published with The New York Times and The Washington Post

Handwritten Arabic text in a box: هاتوا مني

THE WEATHER - PARIS: Monday, foggy early, fair later... LONDON: Monday, showers, Tuesday, 7-12... CHAMBERLAIN: Monday, foggy early, fair later... NEW YORK: Monday, overcast with rain... NEW YORK: Tuesday, fair, 7-17... ADDITIONAL WEATHER DATA - PAGE B2

Exchange rate table listing various international currencies and their rates relative to the dollar.

No. 30,719

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PARIS, MONDAY, NOVEMBER 23, 1981

Established 1887

U.S. House Votes To Defy Reagan On Funding Bill

WASHINGTON — The Democrat-controlled House voted Sunday to defy President Reagan's veto threat and move forward with a \$42.9-billion stopgap funding bill, accusing Mr. Reagan of engaging in "chickenshit."

The House approved the basics of the compromise bill, which Mr. Reagan said he would veto, 205-194, then moved forward with several controversial amendments that had to be dealt with before the bill could receive final passage and go to an uncertain fate in the Senate.



Protesters' sign in Bonn on Sunday shows Soviet President Leonid I. Brezhnev riding a nuclear missile.

Russia Reveals A Brezhnev Bid To See Reagan

WASHINGTON — The Soviet Embassy has released a letter written last spring from President Leonid I. Brezhnev to President Reagan, challenging Mr. Reagan's picture of U.S.-Soviet global competition, but urging that the two leaders augment their correspondence with a personal meeting because "private conversation is better."



Mr. Brezhnev is welcomed Sunday by Chancellor Helmut Schmidt of West Germany at the Bonn-Cologne airport.

Protests Held in Bonn As Brezhnev Arrives

BONN — Tens of thousands of Afghans and West Germans demonstrated in Bonn Sunday shortly before President Leonid I. Brezhnev of the Soviet Union arrived on his first trip to the West since Moscow intervened in Afghanistan nearly two years ago.

of the 250,000 mustered by West Germany's peace movement last month to protest against NATO plans to deploy new U.S. medium-range nuclear missiles in West Germany.

Trial in Sadat Killing Opens; Security Tight

CAIRO — The trial of the alleged assassins of Anwar Sadat has opened in a heavily guarded military courtroom with 23 of the 24 Muslim fundamentalists charged in the death confined to a huge iron cage before three military judges.

The other suspect is still hospitalized with injuries, trial officials said Saturday.



About 250,000 rightist sympathizers attended a rally Sunday in Madrid to commemorate the sixth anniversary of Franco's death, on Nov. 20, 1975. With their arms extended in a fascist salute, the demonstrators chanted repeatedly for the freedom of Lt. Col. Antonio Tejero Molina, the Civil Guard officer who led the storming of parliament nine months ago in an attempt at a coup.

Allen Probe Is Now Said to Focus On Hint That \$10,000 Was Taken

WASHINGTON — The Justice Department's renewed investigation of Richard V. Allen, the national security adviser, has focused on evidence found in Mr. Allen's safe indicating that he might have received \$10,000 from a Japanese journalist, not \$1,000 as previously reported, according to an administration official.

Mr. Allen has said that he accepted \$1,000 in cash from Japanese journalists Jan. 21 after the interview with Mrs. Reagan. He said the cash was intended as an honorarium for Mrs. Reagan and that he accepted it on her behalf.

INSIDE

China Jobs: China has found jobs for more than three-quarters of its urban unemployed... Lonely Banker: Pierre Moussa, the former head of Paribas and one of Europe's most acclaimed bankers... Real Estate: A special supplement on North American real estate appears on Pages 75-165... TOMORROW: The first of two parts of the annual Euromarkets special supplement will appear in Tuesday's edition... Euromarkets

Rumblings of Military Discontent Trouble Spain's Fragile Democracy

MADRID — As Premier Leopoldo Calvo Sotelo labors to form a new Cabinet — and others celebrate the sixth anniversary of Franco's death — rumblings of discontent from the Spanish armed forces are troubling the country's fragile democracy.

The principal concerns of the armed forces. He also saw the king. According to several figures who met the general and who requested anonymity, he expressed fears that the military might be reluctantly but openly dragged into politics if the piecemeal disintegration of the government's party led to early elections and a victory by the opposition Socialists.

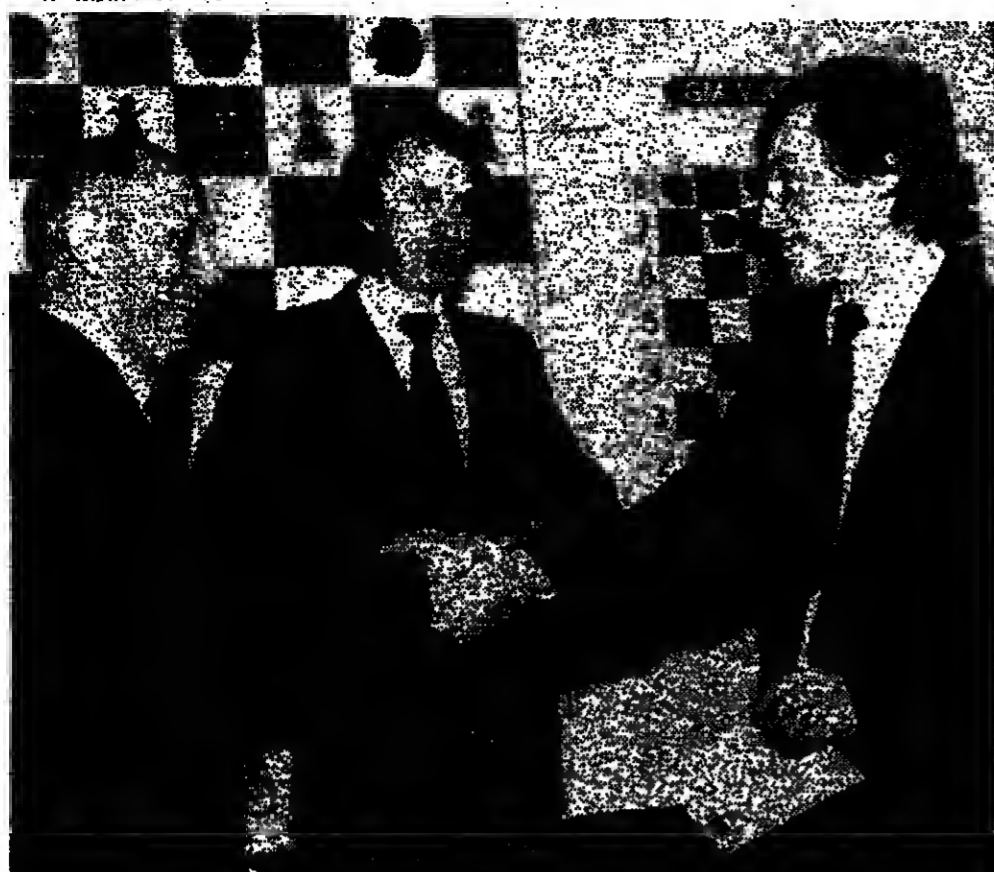
NEWS ANALYSIS

The vote was 181-0, but there were 44 abstentions. During a visit to Zaragoza on Tuesday, King Juan Carlos I made an appeal to politicians to put an end to their public bickering, which has been especially audible within the UCD.



Richard V. Allen sits with a Japanese writer, Fukuko Kamisaka, right, and Chizuko Takase, a close friend of Mr. Allen who attended a January interview with Nancy Reagan. The picture appeared in a magazine in March along with the interview.





Anatoli Karpov, right, is congratulated by Viktor Ivonine, Soviet deputy minister of sport, in Merano, Italy. Fridrik Olfasson, president of the International Chess Federation, looks on.

### Brezhnev Salutes Karpov Chess Victory

MOSCOW — President Leonid I. Brezhnev has added personal congratulations to the official praise lavished on Anatoli Karpov for successfully defending his world chess title against Viktor Korchnoi, a Soviet defector.

Meanwhile, friends of the Korchnoi family said that Soviet authorities showed no sign of granting the defenced grandmaster's request that his wife and imprisoned son be allowed to emigrate.

Mr. Karpov, 30, beat Mr. Korchnoi 6-2 in an 18-game match in the northern Italian mountain resort of Merano, winning his final game Friday, in 1978, he beat Mr. Korchnoi for the world title 6-5 in 32 games.

Pravda carried on its front page the text of a telegram from Mr. Karpov expressing "filial gratitude" to Mr. Brezhnev and the Central Committee of the Communist Party for their support.

Friends of the Korchnoi family said that Mr. Korchnoi's wife, Bella, who lives in Leningrad, "was very upset" at the outcome of the match.

Mr. Korchnoi said Sunday he plans to meet U.S. politicians to bring pressure on Moscow to allow his wife and son to join him in Switzerland.

Mr. Korchnoi defected in 1976. He said he also wanted the world's chess grandmasters to help him break what he called the boycott against him by Soviet players.

Mr. Karpov said Saturday he doubted that he would play Mr. Korchnoi again. "I have played enough with Mr. Korchnoi," Mr. Karpov said at victory press conference.

Mr. Karpov, looking debonair in a blue suit, white shirt, and blue-and-white striped tie, praised Mr. Korchnoi's play in some games, but criticized the challenger's preparation for the openings.

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## France Redoubles Efforts to Fight Rising Unemployment

By Joseph Fitchett  
International Herald Tribune  
PARIS — The Socialist government of France, faced with rank-and-file complaints about delays in national change, is redoubling its campaign to curb rising unemployment — the Socialist's overwhelming political preoccupation.

France's emphasis on finding more jobs contrasts sharply with the economic policies of other Western governments such as the United States, West Germany and Britain, which are tackling the slump — and unemployment — by a policy that includes tax cuts and strict wage limits to encourage investment.

Despite the French government's all-out assault, the situation continues to worsen, and polls — six months after the Socialists took office — indicate few employers intend to hire more people. (Related story on China's economic tactics, Page 4.)

Stagnation has soured relations between the government and many French businessmen, convincing some Socialists that industrialists are deliberately, for political reasons, sabotaging the plans for economic recovery.

Taking the offensive last week, Prime Minister Pierre Mauroy decided to impose a set of fundamental economic reforms aimed at fostering employment. He announced that he will pass them by decree, bypassing parliament, a move that infuriated unionists.

The jobless figures rose last week by 100,000 to more than 2 million. As it becomes harder to blame the trend on the previous government, Mr. Mauroy has pledged to turn it around in 1982.

Unemployment in France, far more than just an economic problem, has acquired a political and social intensity. The unemployment rate in France is 7.5 percent compared to 3 percent in the United States and Italy and nearly 10 percent in Britain.

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### Ulster: A Climate of Fear and Frustration Among Protestants as Violence Escalates

By William Borderes  
New York Times Service  
NEWTOWNARDS, Northern Ireland — In the old market square of this little seaside town Monday night, the Rev. Ian Paisley and his militant Protestant followers will face a crucial test of strength.

In Belfast about 200 Protestants, many masked and some carrying guns, paraded Saturday night in a show of strength through New Buildings, a Northern Ireland border village. Reuters reported, Protestants have held similar marches before but this was the first at which they had produced guns.

Mr. Paisley has been a front-line warrior in the nationalist cause for nearly 20 years, but he says the struggle has come to a critical pass and it is time to go or die.

Mr. Paisley, whose speeches are full of references to fire and brimstone, is often ridiculed in Northern Ireland, both by people who consider him a dangerous demagogue and by frightened Protestants who regard him as their only hope against betrayal.

### 7 Die in U.S. Plane Crash

EDWARDS, Colo. — Rescue workers have recovered the remains of seven resort employees killed when their twin-engine propeller plane crashed into a mountain in the Rocky Mountains during a snowstorm, according to police.

### Fruit Fly Found in California; New Adaptability Seen

SACRAMENTO — A Mediterranean fruit fly has been found in a wealthy residential neighborhood of San Mateo, lending increased weight to scientific theories that the life cycle of the crop-destroying tropical pest is growing as it adapts to the cool Northern California climate.

### Ottawa Slashes Railway Service Across Country

TORONTO — By government decree, Canada lost almost 20 percent of its passenger rail service last week, prompting a nationwide storm of protest, lawsuits and a two-day physical blockade of at least one train.

Transport Minister Jean-Luc Pepin said the cuts were aimed at reducing government subsidies to Via Rail, the state corporation that assumed all passenger-carrying loads from Canadian National and CP railroads in 1977.

The cuts most severely affected the eastern and western parts of the country. They also mean the loss of 1,600 jobs and more than one million passengers.

Critics complained that Mr. Pepin, by putting the cuts into effect by an order of the Cabinet, avoided the usual public hearings by the Canadian Transport Commission, which had previously decided that the affected routes were necessary.



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China Finds Jobs for Millions of Unemployed, but a Vast Problem Remains

By Michael Parks
SHANGHAI — China has found jobs for more than three-quarters of its urban unemployed...

With the present "labor surplus," as Peking termed the unemployment when it reached more than 20 percent...

When demonstrations paralyzed the city in February, 1979, the government finally moved, developing a jobs program...

If China can meet its goal of 10 million new jobs this year, putting the last groups of long-term unemployed to work...

The state should no longer assume the responsibility for finding jobs. Mr. Zhang said...

In South Asia, Electoral Credibility Is Crucial But Elusive

By Michael T. Kaufman
NEW DELHI — As vote-counting in Bangladesh's second direct presidential election was nearing completion...

minor and could not have reversed his landslide victory. But Mr. Hossain's Awami League threatened to take to the streets to protest the results...

lot contained a symbol — a ladder, bicycle, elephant, sheaf of rice or boat — for each candidate on the list.

Jewish Group Occupies London Office of Tass
LONDON — Twenty-five members of Concerned Jewish Youth, a group protesting against the treatment of Jews in the Soviet Union...

Police, Youths Battle Near Zurich's Old Town
ZURICH — Police fired rubber bullets to disperse about 1,000 youths demonstrating against what they called repression by city authorities...

Pravda Protests Flight Ban by U.S.
MOSCOW — Pravda has described an eight-day ban on Aeroflot flights to and from the United States as unjustified and discriminatory.

Maori Political Party Seeks a Protest Vote In First Attempt at New Zealand Elections

By Pamela G. Hollic
AUCKLAND, New Zealand — National elections being held on Saturday will provide the first test for the new political party of New Zealand's Maoris...

since Labor was voted out of office in 1975, the governing National Party has sponsored many Maori programs to fall off. Maoris also charge that Labor policies in opposition have been overly "mild."



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Entire Aurora Photographed For First Time

IOWA CITY, Iowa — A University of Iowa research team has announced production of the first photograph of the complete global oval of the Aurora Borealis...

Social Democrat Leads U.K. Poll

LONDON — A poll published Sunday indicated that Shirley Williams, a founding member of Britain's new Social Democratic party, would win a special by-election Thursday.

Syria Political Refugee Is Killed in Barcelona

BARCELONA — A Syrian national identified as Nizar Sagab, 40, was shot to death here Saturday night by unknown assailants, police reported Sunday.

Man Dies in London Fight

LONDON — An 18-year-old youth was killed and at least 10 persons injured when fighting soccer fans toppled dozens of people on a down-moving escalator at Seven Sisters subway station after the game between Tottenham Hotspurs and Manchester United Saturday.

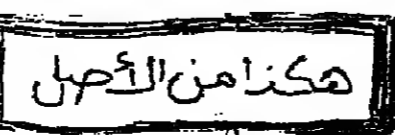
Pakistan Reported to Seize Guerrillas Tied to Sabotage

ISLAMABAD — Police sources said Sunday that Pakistani authorities have broken up a guerrilla cell that they believe was planning a campaign of sabotage and assassinations to bring down the country's military government.

Interior Minister Is Replacing Viola During Illness of Argentina President

BUENOS AIRES — Gen. Horacio Lindero, Argentina's interior minister, has been sworn in as interim president, replacing President Roberto Viola, who is ill.

Table titled 'SENIOR EXECUTIVE POSITIONS'. Columns include: POSITION, SALARY, EMPLOYER, LOCAT., QUALIFICATIONS, CONTACT, Source. Rows list various executives like Regional Manager, President International Division, etc.





American-Soviet Dialogue

President Reagan's proposal to bar land-based intermediate-range missiles from Europe won the spotlight in his debut as an arms controller last week, and deservedly so. Yet his address contained a general approach to negotiations with the Soviet Union, and a specific approach to the mutual reduction of strategic arms, with far-reaching implications for relations between the two great powers.

That is not to say Mr. Reagan is operating without a guiding intellectual rationale for arms control. He has a new one, which is gradually becoming known. It is that arms control can help convert the Soviet Union from a challenger of order to a co-guardian of order. As administration strategists see it, the chief danger to world peace now comes not so much from a Soviet threat of war as from a Soviet threat of nuclear blackmail; and arms control, backed by a readiness to build new arms and to use power when necessary, is the way to turn this around.

Doubts Foment a Policy

Until last week, the Reagan administration's foreign policy was little more than a booming weapons business. Outproducing the Russians was going to make them more docile, or broke. Selling the Arabs more arms would win security for Israel. Replacing Soviet arms with American arms in Central America would pacify revolutions.

Chancellor Schmidt's West Germany wants both the essential benefits of détente and the protection of America. But his Social Democratic Party, like other European parties, has grown a strong neutralist wing. As Henry Kissinger warned President Nixon more than a decade ago, U.S. bellicosity will only promote the alliance's disintegration.

The View From Hamburg After the Arms-Talks Gambits

By James Reston

HAMBURG — This old seafaring city has been watching the political winds since the 13th century and observes the present East-West storm with a very canny eye. More than half of Hamburg was totally destroyed in World War II and has now been restored and modernized with fine taste.

Its effectiveness may be measured first by Chancellor Helmut Schmidt's enthusiastic response. But also by Moscow's savage condemnation of it as a fraud and a deception.

So far, the propaganda on both sides has concentrated on the intentions or the motives of each other, which is a dangerous guessing game. But the facts can be measured, or at least clarified.

Reagan's Adversaries Ply in Sundry Places

By George F. Will

WASHINGTON — Well-wrought foreign policy can clarify not only a president's aims but also those of adversaries. President Reagan's "zero option" policy regarding medium-range missiles in Europe will clarify the aims of the Soviet government, Europe's "peace" movement and the U.S. State Department.

made clear in the SALT-1 and SALT-2 negotiations. If the president's proposal does not modify Europe's "peace" movement, that, too, will be clarifying. The "disarmament" movement does not protest ongoing Russian deployments; it protests NATO's proposal for beginning counter-deployments two years before the Soviet missiles from now.

son, and there is a certain stiffness in Foggy Bottom about ideas originated elsewhere. Furthermore, the State Department cannot bear the thought of Soviet intransigence because the diplomatic mentality is more concerned with "movement" than with the direction in which one is moving.



feared that that strength would be used aggressively. Today Russia has superiority, and there is fear that it may throw its weight around unless appeased.

Vicious Social Cycles in America

By Eric Foner

NEW YORK — During the civil rights revolution that took place throughout the United States during the 1960s, it became commonplace among American historians to say that the country was experiencing its "second reconstruction." In the original Reconstruction, after the Civil War, blacks were accorded political equality, and the government sought to impose interracial democracy upon the South.

force laws promoting racial integration were abandoned. The 15th Amendment, guaranteeing blacks' voting rights, was reduced to a mockery by economic and physical intimidation of black voters, and by poll taxes. Blacks' political power was also limited by more subtle means, some of which survive today: the gerrymandering of districts and the use of at-large elections.

Other Opinion

Sour Politics and Sour Chess

The world chess championship, which was won Friday by Mr. Anatoli Karpov, very much as expected, has left a rather sour taste. The quality of the chess, according to experts, was poor. Mr. Viktor Korchnoi, the embattled challenger, did not do himself justice. Now that the championship is over and the coveted title remains in the Soviet Union, it is surely time for the Soviet authorities to do the decent thing and let Mr. Korchnoi's

family go. The World Chess Federation has, from time to time, made representations to Mr. Korchnoi's behalf, seemingly to no avail. As usual, politics and sport do not mix very easily. It might be too much to expect that Mr. Karpov himself could put a word in the right place. But the Soviet authorities would be doing one of the great players of the game, and themselves, a small service if they could relent.

— From The Times (London).



Fellow Members of the Moral Majority ...

Letters

Missiles and Backyards

I beg to differ with your description of the essential issue involving the deployment of American missiles in Europe ("Ugarrubling the Argument," IHT, Oct. 23). Most will agree that if the Soviet Union invades Western Europe, nuclear weapons are likely to be used against the invading force. This, together with the capability of mutual destruction possessed by both superpowers, has assured a precarious peace in Europe until now, and public opinion has generally accepted this situation.

States with a stronger clout in its superpower contest with the Soviet Union in other parts of the world than to protect Western Europe against attack — the sole purpose for which NATO was established.

"Dissent on California Wines" by Frank Prial (IHT, Sept. 21) with interest. Years ago I was told by experts that California wines would never be any good until they won prizes in international, or better still, in French competition, judged by Frenchmen. Now that charonnays and cabernets are winning such prizes, Mr. Prial tells me this does not matter. California wines don't taste good with food.

One area did escape the parsimonious hand of redemption — the military. The South expanded and re-equipped its state militias, using them freely to enforce new laws that increased the dependence of black tenants on white landowners.

Eric Foner is professor of history at City College of the City University of New York. He contributed this article to The New York Times.

Nov. 23: From Our Pages of 75 and 50 Years Ago

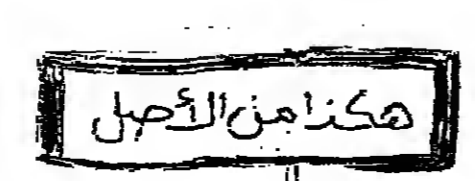
1906: Peary Relates Trek NEW YORK — In a simple, strong narrative cabled from Chateau Bay, Quebec, Commander Robert E. Peary recounts his splendid dash for the Pole, wherein he achieved a new farthest-north record and only missed the goal of his endeavor through lack of supplies and dogs at a crucial moment. After great tribulations, he reached 87 degrees 6 minutes on April 21. "I thanked God," he says, "with as good grace as possible for what I had been able to accomplish, though it was but an empty hauberk compared with the splendid jewel for which I was straining my life. But looking at my dogs and nearly empty sledges, I felt I had cut the margin as narrow as could reasonably be expected."

1931: Parties and Taxation WASHINGTON — The Republican Party, already faced with a minority in the House and making a desperate effort to retain control of the Senate, appeared to have another fight on its hands today. Sen. Joseph T. Robertson (Arkansas), Democratic leader in the upper house, indicated he is not in accord with the increased tax legislation program that GOP leaders have brought forward to date only in general terms. The Democratic leader left no doubt but that his party, like the Republicans, looks upon some upward movement of taxes as unavoidable, but he strongly urged moderation, though urging that the Democrats would operate with the White House on "wholesome legislation."

Letters intended for publication should be addressed "Letters to the Editor," and must include the writer's address and signature. Priority is given to letters that are brief and do not request acknowledgment. Letters may be abbreviated. We are unable to acknowledge all letters, but value the views of readers who submit them.

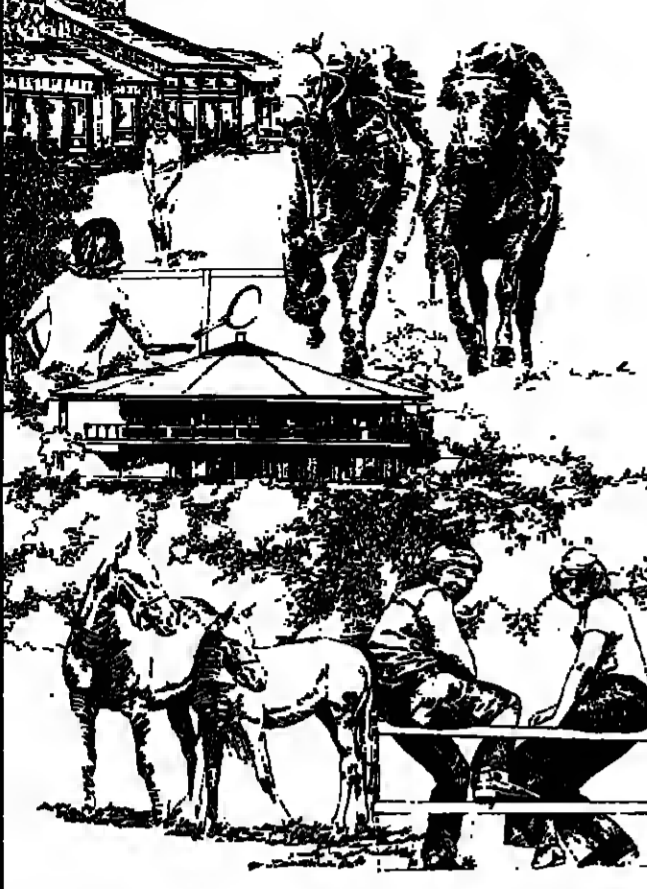
California Wines As a longtime wine drinker brought up in France but a native of northern California, I read

Advertisement for the International Herald Tribune, including contact information for the New York and London offices, and a list of staff members such as Lee W. Haeber and Philip M. Folsie.





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## Sifting the Pitches for a Piece of Paradise

By Joel Stratte-McClure

**HONOLULU** — A visitor strolling down Kalakaua Avenue in Waikiki is abruptly handed an invitation to a free champagne breakfast "in the cool shade of a beautiful banyan tree surrounded by the lush beauty of tropical gardens."

Following a morning meal which includes honey pork and pineapple, the visitor is led to a corner of the garden and, as the invitation promised, "talks to our gracious hosts about the grand opening of the Imperial Hawaii Resort just a few steps away from the warm blue waters of Waikiki Beach." There is, of course, no such thing as a free breakfast and before leaving the visitor is seductively requested to purchase "a piece of paradise."

The hosts make a time-sharing investment in a Hawaiian condominium project sound like the bargain of a lifetime. A buyer spends about \$16,000 to own a suite, a view, a Jacuzzi and other amenities for two weeks a year. The hosts does not mention potential problems with resale but deal with the basic disadvantages of an inflexible holiday. She does not readily acknowledge that her company will obtain a higher price per unit by selling to a larger number of buyers.

Time-sharing sales of condominium units is the most visible real estate offering in Hawaii today and the Aloha state represents an important percentage of the \$1.5-billion time-sharing market in the United States. No one visiting Hawaii can escape the allure of a free breakfast or lunch because there are no local laws to restrict the sales pitches on Kalakaua Avenue.

confident that both the tourist and real estate slump are temporary. "Hawaii is still a very favorable investment area for substantial price appreciation due to the limited land supply and desirable climate," says Vi Dolman, president of the Dolman Associates real estate company. Adds Bruce Stark, president of Stark Ventures, a developer of resorts, condominiums and commercial property. "Despite the current downswing in activity, foreign and domestic investment will continue to be attractive in Hawaii as prime properties in the more popular investment areas become increasingly rare."

Hawaiians are making the sensible gamble that the state's geographical position, cross-section of races and cultures, idyllic climate and economic stability will continue to attract investors from the U.S. mainland and foreign markets. They readily point out that Hawaiian land values are still bargains compared to Japan and Hong Kong, while Hawaii is increasingly becoming an important American gateway to Asia.

**Japanese Investors**  
These arguments have convinced investors from 13 countries to invest in Hawaiian hotels, commercial buildings, agricultural land, industrial sites and condominiums. Real estate assets account for approximately 70 percent of the total \$3-billion foreign investment in Hawaii. About 80 percent of foreign-owned land is on the island of Oahu, location of the capital city, Honolulu, and the state's third-largest and most populous island.

Scibu and the Tokyu Industrial group, to name a few. "The Japanese feel culturally close to Hawaii and the state's proximity to Japan makes it the easiest U.S. investment for them," says Thomas Hitch, senior vice president at First Hawaiian Bank, who notes that foreign investment is usually made without local financing. "Japanese are also an important segment of the tourist market and travel in groups which prefer to stay at Japanese hotels, shop at Japanese-owned department stores and eat in Japanese-run restaurants."

**Hotel Investment**  
Since 1976 most foreign hotel investment has come from airlines, including All Nippon Airways, China Airlines and Korean Airlines. But during the past two years, only two of nine hotels built were owned by foreigners. Although Japanese firms are constructing numerous resort areas, the infatuation with hotels may have reached its peak.

"Nobody, foreign or local, is currently making grandiose plans for large resort or hotel complexes because of the decline in tourism," says Clement Judd, executive director of the Hawaii Hotel Association. Adds Bruce Stark, "I wouldn't put anything into a new resort area at this moment, though it might be the right time to purchase existing facilities."

Herbert Cornuelle, president of Dillingham Corp., a large construction company, believes Hawaii "is almost universally perceived as an anti-growth state, hostile to business, with no financial incentives for companies to locate here."

Environmental groups and building regulations have restricted some development and there will definitely not be a repeat of the rapid construction growth seen here during the 1960s and 1970s. The theme will be a more sensible development.

"There's no reason that we can't have a development future which will still be attractive to outside investors," says Stanley Hong, vice president of the Theo H. Davies Co. Ltd. "We believe we can gradually convert some of our agricultural land into ranchettes, for example."

## NORTH AMERICAN REAL ESTATE

The present real estate market is reflecting economic trends in the mainland and there is a wait-and-see attitude," says Mr. Hitch. "But Hawaii remains a solid investment and it's really not necessary to give away free breakfasts to interest investors."



Among the luxury properties handled by Sotheby Parke Bernet International is the Aknasti Estate in Delaware County, New York. The horse and game farm has nine bedrooms and seven staff houses, and includes 1,800 acres.

## Dropping Names and Big Sums of Money

**NEW YORK** — The Knoll, Dino de Laurentiis's 10-acre estate in Beverly Hills, was recently sold to country folk singer Kenny Rogers for \$14.5 million. The agent was Sotheby Parke Bernet International Realty Corporation.

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Ready Money Talks In California Deals

By Joel Stratte-McClure

SAN FRANCISCO — Paul Erdman, the gloom-and-doom author of "The Crash of '79," ends his latest novel with protagonist Frank Rogers purchasing a Sonoma country vineyard with Swiss francs from an Iranian. Herb Caen, a popular columnist here, reports that condominiums at Bush and Taylor Streets are selling fast to "people of the Far Eastern persuasion and a \$1.5 million penthouse has been claimed by a Manila millionaire."

In San Diego a contractor is threatening to abandon a partly completed housing project unless "someone from Shanghai-Lao can bring me some cash and form a joint venture." Trend-setting California, no stranger to high real estate prices and creative financing schemes, is now the place where ready money talks.

The right lending situation has opened the entire real estate market to investors with liquidity insulated from the high cost of financing. There are numerous opportunities in every sector of the market as housing mortgages are foreclosed and short-term loans as builders come due and new capital is required for commercial construction. In addition, the prospects for long-term capital safety seem assured due to continual growth and a solid industrial base.

California is an exceptional place to be for the next 18 months if you're a cash-heavy investor," says Mr. Erdman, who owns a 150 acre ranch in Healdsburg. "It's a sophisticated market and you must have some street sense, but the buyer can name the price in many instances involving residential, agricultural and commercial property."

California is a state of theatrics and exaggeration, and local publications are transforming the current flat situation into a doomsday catastrophe. Recent magazine stories in San Francisco and Los Angeles were titled "Bye-Bye Boomtown" and "The Land Bubble Has Burst." Although quite a few builders and homeowners are overextended, most observers predict an acceleration of growth at a slightly decreasing rate.

California continues to increase in population and income level largely because of the expansion of high technology companies," says Wylie Greig of the real estate industries group at SRI International in Menlo Park. "Foreign participation seems to be steadily growing and numerous international syndicates are being formed to take over commercial and industrial property."

vid Shulman of the University of California at Riverside. The study predicts increased demand for residential and commercial property and projects increased growth in island regions like Frisco and Bakersfield.

This is the time to take advantage of a situation with opportunities which resemble those we saw during the 1974-75 recession," says Harold Ellis Jr., president of Grubb and Ellis real estate brokers in Oakland. "Office buildings, commercial and industrial property are especially attractive and substantial amounts of new capital are required," says Mr. Ellis. "In addition, there are a large number of overstretched entrepreneurs who need financing."

Most foreign investments in California, which are led by a noticeable inflow of Canadian and Asian funds, have traditionally been in the metropolitan markets of San Francisco and Los Angeles. Large foreign groups, who usually like long-term because of the safety factor and generally accept lower yields than their U.S. counterparts, have increasingly been joined by foreign pension funds and banks who often form joint ventures with local groups.

Lesser Known Parts

Canadian participation is the most obvious and some current projects include Cadillac Fairview's \$1.2-billion redevelopment program in Los Angeles in a 50-50 partnership with U.S. developers, Campeau Corp.'s \$400-million joint venture in San Jose, Olympia and York's \$300-million commercial complex in San Francisco and Buzamalea Ltd.'s \$400-million retail development in Chino Hills.

Most observers expect to see both foreign and domestic investment move to lesser known parts of the state.

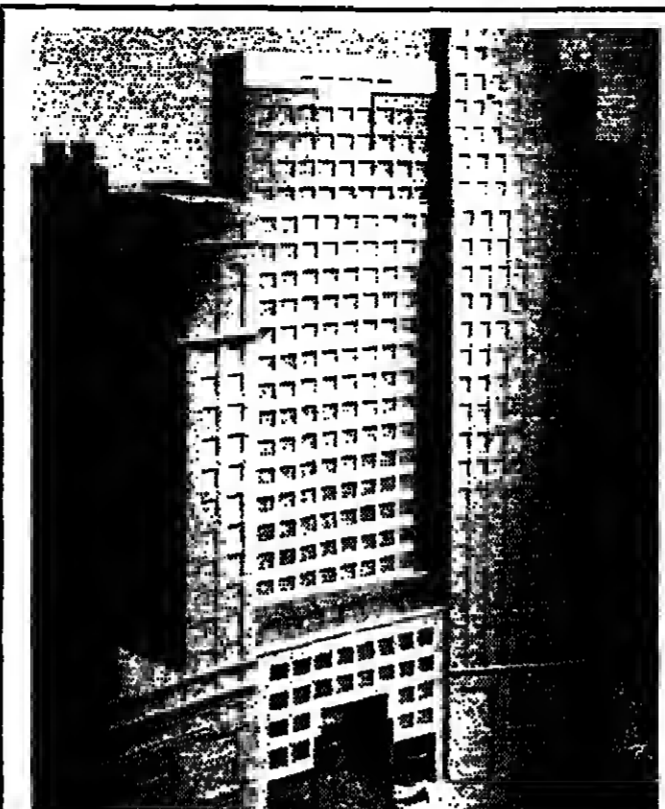
"Foreigners investing in California have usually preferred a marginal deal in Beverly Hills to an excellent purchase in another part of the state," says Stein Berg, an instructor of advanced real estate financing at the University of California at Berkeley. "This attitude must change if they want to keep ahead of the game in the future."

Albert Coppin, president of Keegan and Coppin real estate company in northern California, contends that industrial property in some metropolitan areas is just about exhausted and believes foreign concerns should investigate secondary market areas where larger population and industrial growth is anticipated.

"The best way to enter an area like Sonoma County where many research and development operations are getting underway," suggests Mr. Coppin, "is to form a joint venture with established local companies who know the market and have the required connections."

Some Californian brokers feel they have a tarnished image in the eyes of foreigners and are refining the approach required to attract outside investment.

California has a particularly bad image among Europeans because of the unsuccessful get-rich-quick schemes which have been pursued in the past," says Carsten Mikkelsen, president of Aire Financial Corp. in San Francisco, which has formed numerous international syndicates to invest in California property. "We must realize that most foreign investors are looking for capital safety rather than short-term appreciation and should be regarded as a very valuable source of future financing."



Jones Lang Wootton has just transacted the sale of a 280,000-square-foot office building in Manhattan to the pension fund of British Airways.

An Important Role

By Maureen Sherwood

NEW YORK — James Austrian, of Jones Lang Wootton, said in his Park Avenue office last week that he thought the amount of foreign-owned commercial property in the United States, though difficult to assess, was infinitesimal, probably less than 1 percent.

Mr. Austrian and his colleague, Gary Barth, work for one of the largest international real estate companies worldwide, and are anxious to assure foreign investors that they play an important role in the American real estate industry, as they have over the past decade.

Mr. Barth said that real estate continued to perform well on the commercial side in all major U.S. cities. "Rental growth continues unabated," he said happily. He added that 1981 had seen the final nail put into the coffin where long-term interest rates on mortgages were concerned.

All this combines to make real estate attractive, not just for the industry, but for foreign and U.S. institutions alike," he said. "In the latter point, there are signs that U.S. institutions, led by life insurance companies, who mostly invest on behalf of pension fund moneys, are becoming increasingly active in real estate."

Foreign Investors

Mr. Barth explained that Britain and Dutch pension funds were leaders in foreign investment. South American activity was also increasing and there was a noticeable increase in investment from the Far East. The Middle East, he said, remains a conundrum.

"There's certainly a great deal of Middle-Eastern money about," said Mr. Barth, "but real property has never seen an open influx of OPEC funds. There is, however, increasing interest on the part of the Arab investor behind the scenes; it's just hard to track down the source. Some investors have even gone as far as changing their names to Western-sounding ones."

"So far, there is little or no talk on the part of the U.S. government on restricting investment in U.S. real estate, which is obviously one of the major attractions for foreign investors. The federal government is watching and now there are forms to be filled out. There's certainly no talk by the Reagan administration of restricting foreign investment," Mr. Barth said.

He also said that in most cases, the foreign investor was as informed or more informed than his U.S. counterpart and, particularly in the case of Europeans, they were more accustomed to inflation. Mr. Austrian said that, in some cases, the foreigner was willing to pay a staid rate to get into the action.

Jones Lang Wootton has just transacted the sale of a 280,000-square-foot office building on Broad Street in Manhattan's financial district. The buyer is the pension fund for British Airways.

Most observers of the real estate market in California — and there are many — believe that the static situation will not be altered until the ultimate direction of President Reagan's economic policies is firmly established. Although many contractors and builders are hard pressed, a large number of homeowners are attempting to wait for an economic rebound before selling.

Construction and housing starts are depressed but the situation does not appear to be as bleak as that in 1974-75. "I expect the downturn to last another year but demand is still exceeding supply in housing, for example, because of several years of sluggish construction activity," says Earl Shuttlesworth, president of Scott-McCall & Co., a large residential real estate firm in Marin County.

Still, some housing and land prices have decreased. In Beverly Hills, a home which sold for \$165,000 in 1970 went for \$1.1 million in 1980. Today, says the agent who handled the transaction, that home would fetch no more than \$900,000 because of the high interest rate.

Major Projects With International Backing

PARIS — On Lincoln's Birthday in 1965, a one-time physical education instructor named Mack Pogue founded a real estate developing company in Dallas, christening it with the Civil War president's name. He was backed in this venture by Trammell Crow, the "Dean" of Dallas developers, for whom he had worked several years.

Mr. Crow's philosophy was "you can only build in an area where you live," and his young protégé modified it to suit his own ambitious plans. The Lincoln Property Co. (LPC) — which takes on developing partners from the regions it wishes to build in — has since become one of the United States' most important development corporations, sowing more than \$2 billion into the soil.

In 1980, Lincoln was the fourth-largest developer in the United States with more than \$500 million in volume. It has established a reputation as the No. 1 builder of rental housing, completing 7,100 units in 1980 worth \$160.2 million. This is an image that the company now seeks to de-emphasize. LPC has made a specialty of constructing suburban commercial buildings: combination office, showroom and warehouse structures. Furthermore, with the backing of major financial institutions in the United States and Europe, LPC is extending its operations to include million-square-foot office buildings, including a project consisting of two 45-story office towers to be built in downtown Dallas that are being heralded as "the class of the Dallas skyline."

"We will be catapulted as the largest developer next year," said Peter Bren in Paris last month, a Geneva representative of LPC who is one of the company's original partners. In financial terms, this means starting projects worth \$800 million.

Giant Partners

The explanation for this success is relatively simple. Although long-term money from lenders is expensive, LPC is able to increase its number of large projects by entering deals with giant financial partners who invest cash in the expectation of large capital gains. LPC manages the property, and generally retains it from seven to 10 years, giving the financial partner preferred return. Once all agree to sell, capital gains are usually split 50-50. LPC's U.S. partners are major brokerage houses (including E.F. Hutton and Butcher and Singer), life insurance companies (Metropolitan Life — which is LPC's largest partner — and Aetna) and private investors.

With its offices in Geneva and London, Lincoln is the only U.S. real estate company to have a permanent foothold in Europe, according to Mr. Bren. European investments come from individuals, Swiss banks, Netherlands' public funds, public trusts in England and English pension funds. The latter provides the highest percentage of European investment.

Gerard de Gutzburg, who works in LPC's Geneva office, said, "We don't syndicate with \$5,000." Investments from individuals range from \$1 million to \$12 million, although those wishing to invest less may merge to create a larger, single investment.

Mr. Bren — who is in his mid-40s, as is Mr. Pogue — was largely responsible for establishing the branch in Geneva. He said that it was difficult for Europeans to explain the details of U.S. real estate to other Europeans; hence, there was a need for Americans to be based in Europe. In 1975, he was sent on an expeditionary mission to Geneva to organize a branch, if possible. LPC had dealt with Swiss banks in the past, and soon after the Californian arrived, business started to mushroom.

A major obstacle facing the company at the time was its reporting system. "Europeans are concerned with the details of reporting — they want to know how their money is spent," said Mr. Bren. Both he and Mr. de Gutzburg said they and their clients were pleased with the reporting system now. The Geneva office is in daily contact with Dallas headquarters via telex.

The volume of European investment in LPC has been steadily increasing, although decreasing as a

percentage of total volume, because of the company's rapid expansion at the present time. During the last three years, Europeans accounted for 50 to 60 percent of all equity in Lincoln — more than \$100 million.

In the United States, Lincoln divides its operations up into four regions — West, Midwest, South-east, Northeast — which in turn are sectioned into sub-regions, each controlled by an operating partner in accordance with Mr. Pogue's beliefs. By 1982, there will be 46 regional partners, although most of LPC's activities are in the southern half of the country.

With backing from large investors, LPC is able to build during the present economic doldrums when there is less competition from others. "This is a tremendous advantage," explained Mr. Bren. "We can build more cheaply — unions will work for less; there is no demand for materials." He said that construction costs for LPC — which emphasizes efficiency over the erection of "monuments" — are lower than they were a year or two ago, because of the company's ability to draw on its resources spanning the United States.

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# Looking for Action By the Government

**NEW YORK** — As things grow gloomier and gloomier in the housing market, real estate people and builders are looking to the federal government for help, with the hopes of many pinned on programs that fueled the housing spurt of the late 1970s. One of the areas many real estate people are focusing on is the revival of the mortgage revenue bond market, especially in one-family homes. This market, real estate sources say, was effectively killed by the Mortgage Subsidy Bond Tax Act of 1980. Mortgage revenue bonds are an outgrowth of the "moral obligation" bond idea developed by John Mitchell, the Wall Street lawyer

## Removal of mortgage revenue bonds in single-family housing has been an important element.

who later gained fame and infamy as former President Nixon's Attorney General. Mr. Mitchell developed his idea to avoid the necessity of popular referendums on general obligation bonds in the wake of the defeat of several major bond issues. These moral obligation bonds did not constitute an encumbrance against state revenues. The state only recognized a "moral" obligation to back them. One energetic user of the concept was the Urban Development Corporation of New York State. In the housing area, the UDC and other state agencies used the bonds to help finance large multifamily dwellings. In the mid 1970s, the so-called Chicago Plan developed, named after the place where it was first used, extending the mortgage revenue bond idea to the area of single-family homes. Income from the sale of the bonds was used to subsidize mortgage interest rates. At first, legislation set income limits for those who could take advantage of these low-mortgage rates. But as they came to be issued by localities as well as states, such limits tended to disappear and the low mortgage rates became incentives open to all.

## Pension Funds Have Become a Major Force

**NEW YORK** — With their tremendous capital resources and changing investment habits, pension funds have become an important force in the real estate market. And while real estate analysts all agree about their interest and potentially dominating influence, there are differing opinions as to just how much and how they will invest. According to a recent survey of industry experts by the trade magazine National Real Estate Investor, U.S. pension funds have been "shell shocked" from sales pitches by ambitious real estate people. Thus, instead of investing directly, they mostly invest through their insurance company managers. Some real estate experts believe they will continue to invest cautiously in the real estate market through open-end or closed-end commingled funds. Others say this dominant position of the life insurance companies will decrease, as U.S. pension funds combine direct investment and participation in a closed-end fund, which they can control and understand better. "Pension funds are going to dominate the real estate market," said Sheldon Seevak, president of Goldman Sachs Realty Co. in New York. He pointed out that with gross assets of about \$700 billion and projected gross assets of \$1 trillion by 1985 and \$2 trillion by 1990 and talk of increasing investment in real estate from 2 percent to 10 percent of gross assets by 1985,

# Raffle Ticket, Anyone?

**NEW YORK** — As the popularity of house raffles has increased, so has the vigilance of law enforcement agencies in states where they are prohibited. A woman in Alabama pleaded guilty last month to a charge of unlawful promotion of gambling after she had tried to raffle her \$60,000 home.

In Tenafly, N.J., a real estate broker threatened with prosecution under the state's gambling laws has sought a court order that would allow her to give away her home in a contest. Two charitable raffles have been postponed in New York because of objections by the attorney general. In addition, despite the claims of some charities, the Internal Revenue Service does not give tax deductions for contributions made in the expectation of a personal return, a spokesman said. With high interest rates and slow home sales, more homeowners are turning to raffles or other variations on games of chance to sell their property. Leo J. Koerzendoerfer, who publishes a newsletter listing raffles, estimated that more than 100 are being held across the United States.

New York's attorney general, Robert Abrams, this month issued a formal opinion declaring that "the law clearly and explicitly prohibits the conveyance of property by any lottery," according to Nathan Riley, a spokesman. Such transfers are void, Mr. Riley said. Some groups had overlooked planned raffles, hoping the attorney general would leniently overlook their non-profit status.

American Landmark Festivals, a non-profit organization affiliated with the National Parks Service, sold several hundred tickets for the raffle of a \$165,000 apartment on Central Park West before canceling a drawing it had planned for Halloween. The Arthritis Foundation of Syracuse had been selling \$100 tickets for the raffle of a three-bedroom house in Marcellus, N.Y., since early September, but has stopped until the issue is decided. Jean Colitz, the Tenafly broker who wants to give her home away in a contest, filed a civil suit against Prosecutor Roger W. Breslin of Bergen County, who had informed her that her plan violated state gambling laws and threatened to prosecute. Mrs. Colitz sought a "declaratory judgment" that the contest "does not constitute a gambling activity," according to her attorney, Richard Abramson. A hearing in New Jersey Superior Court was scheduled for Friday. The outcome was not immediately known.

Raffles are illegal in New Jersey except when they are held by licensed charities, and the use of real estate as a prize is prohibited, according to a spokesman for Attorney General James R. Zazzali. Mrs. Colitz's position is that the contest is a game of skill, but Mr. Breslin said that it falls under the definition of gambling. Mrs. Colitz offered her three-bedroom Colonial house to the contestant who, for a \$50 fee, best completed the sentence, "I want to win this house because..." in 25 words or less. She decided on the contest because she had made a \$10,000 down payment on the house but was unable to afford financing for the \$99,500 balance. She hoped to attract at least 2,500 entries. "Hundreds" of entries have been received, Mrs. Colitz said. One charity, the Central New York Chapter of the Multiple Sclerosis Society, has decided to hope for the best and is going ahead with its raffle. Barbara Grimaldi, the society's treasurer, said, "Nobody has come to us in the state and said that we shouldn't be doing this. I feel we're on safe territory." Even in states where raffles are legal, there are other potential problems. Oregon law prohibits lotteries and raffles but not bingo games. Sharon and Zidon Whittmore of Escada tried to give away their home at a bingo game to benefit a local charity, but were unable to sell enough tickets. "We needed two more weeks," said Mrs. Whittmore, who came up with the idea after the local district attorney prevented her from holding a raffle. "What made her think of bingo? 'When you get desperate, you think of a lot of things,'" she said.

# Wall Street Firms Get Into the Market

**NEW YORK** — In the last five or six years, many of the large Wall Street investment banking and securities houses have made an active push to establish themselves in the real estate business. Companies such as Merrill Lynch, Morgan Stanley, Shearson Loeb, Goldman Sachs, Bache Halsey, E.F. Hutton, Smith Barney and Paine Webber are offering a wide variety of real estate services, some gearing more toward the syndication business, others toward real estate investment. The basic reason for this new activity in the real estate market is that, as interest in securities declined with rising inflation and higher and more volatile interest rates, which decreased the value of securities, interest in real estate, which keeps pace with inflation and provides attractive yields, increased.

William S. Baltrunburg Jr., president of Brooks Harvey, a 60-year-old real estate firm acquired by Morgan Stanley in 1969, said the Wall Street firm became more involved in real estate when it realized more and more clients had assets in real estate. Foreign Investors According to James Darr, a senior vice president at Bache Halsey, one of the reasons his firm was prompted to go into the real estate business was to provide a service to foreign investors, many of whom felt they were getting real estate offerings of inferior quality compared to those offered by Americans. But James Heggie, vice president of diversified financial services at Merrill Lynch, put it more bluntly: As more and more clients began asking for properties and Merrill Lynch became aware, through studies and surveys, by how much the real estate market dwarfs the securities market, providing residential real estate brokers along with more than double the commissions made by stock brokers, "we concluded that our historical development as a securities brokerage firm could be applied to the real estate business. We saw this insatiable appetite for tax-sheltered limited partnerships developing. He noted that in the last five years his company has been the development of its real estate services. Merrill Lynch acquired the real estate financing firm Hubbard, Westervelt and Mortley Inc. in 1968, began actively marketing internationally in 1976-1977 and expanded its services even further in 1978 with the acquisition of certain subsidiaries of the mortgage banking and brokerage firm Huntton, Paige Holding Corp. Today real estate investment and financing at Merrill Lynch is handled by Merrill Lynch Hubbard, while real estate residential and commercial brokerage is handled by Merrill Lynch Realty. Among the real estate services

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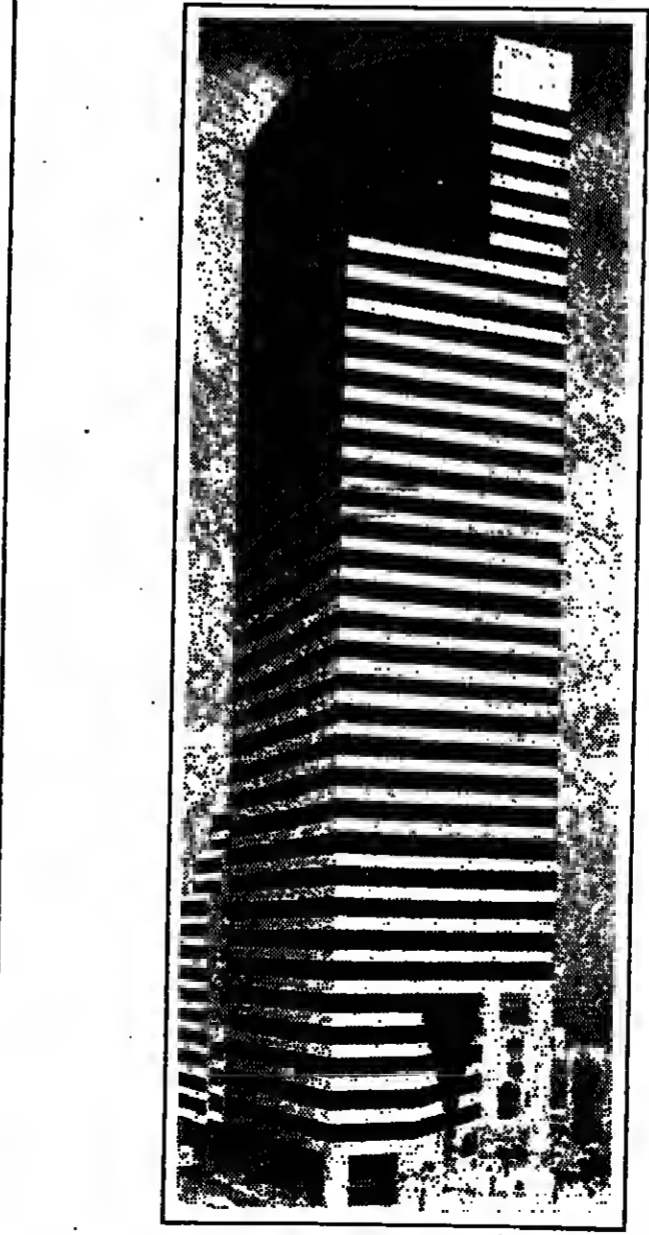


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Rally Propels Bond Volume To a Record

By Carl Gewirtz
INTERNATIONAL HERALD TRIBUNE
PARIS — Bond prices continued rising last week, driving yields lower and bond buyers into a frenzy.

EUROBONDS

would continue to soften. So far, they have been right. Average yields on seasoned issues with up to five years maturity eased to 13.9 from 14.3 percent a week ago while yields on 15-year paper slipped to 14.3 from 14.5 percent.

Strength of Dollar
Almost as startling as the decline in many market rates is how well the dollar has held up on the foreign exchange market.

But on Oct. 30 there was 4-percent-point differential favoring the dollar in short-term interest rates. Three-month Eurodollars were 17 1/4 percent on three-month Eurodollar.

Concerns for Rally
This means that European and other non-dollar based investors who bought high-coupon dollar bonds have not suffered any substantial foreign exchange losses.

Moussa's Fall: A Story of Miscues, Mistrust and Grave Miscalculation

By Joseph Fitchett
INTERNATIONAL HERALD TRIBUNE

PARIS — Pierre Moussa, until a few weeks ago, was one of Europe's most enterprising, acclaimed bankers at the head of Paribas, a leading French bank with an worldwide array of industrial holdings.

Miscalculated Reaction
For the moment, Mr. Moussa is silent. Formerly a highly visible — and often liberal — spokesman for French business, he has left his Paribas office, the room where Napoleon married Josephine 181 years ago.

Meanwhile, French magazines, which published investigations last week about him, conclude Mr. Moussa badly miscalculated the outcry he would unleash in France by letting the Paribas subsidiaries pass under foreign control.

Yet all the French bankers, whose companies face nationalization after the French Socialist's victory, Mr. Moussa was probably the one with the strongest personal affinities to the leftists. He was a classic case of the brilliant outsider propelled to the summit of French banking by sheer talent.

Mr. Moussa, 59, whose father was Egyptian, is a cultivated intellectual who has written sympathetically on the Third World. Disliked by former rightist government for his political independence, Mr. Moussa had many personal friends on the French left.

Moussa's Campaign
The new government was pledged to nationalize most French banks, but in the post-election period Mr. Moussa campaigned strongly for Paribas to have its foreign activities exempted.

After bitter, still-secret debate between moderates and hard-liners within the Socialist government, however, the nationalization bill took over Paribas in its entirety.

Stung by the challenge to his judgment and accomplishments, Mr. Moussa then apparently decided to fight back by demanding an attempt by Paribas foreign investors to buy up key subsidiaries and, ultimately, form a parallel, privately owned international Paribas.

The technique was for the parent company Paribas to sell its shares in some of its subsidiaries to other subsidiaries, thereby reducing the French company's control. Then the subsidiaries, with injections of cash, could buy one another in turn.

Incentives Offered
U.S. Steel became a minority partner with the state-owned Vale do Rio Doce Co. in 1971. By 1977 the Brazilians dissolved this relationship, and U.S. Steel withdrew for a reported \$50 million.

U.S. Steel became a minority partner with the state-owned Vale do Rio Doce Co. in 1971. By 1977 the Brazilians dissolved this relationship, and U.S. Steel withdrew for a reported \$50 million.

Chicago Exchanges, Ending Longstanding Truce, Battle Over the Future of Futures

By Winston Williams
New York Times Service

CHICAGO — For years the Chicago Mercantile Exchange has been overshadowed by the visibility and prestige of the Chicago Board of Trade, its more glamorous neighbor.

Predictable fury erupted in the French government, whose turn it was to feel duped. Many officials felt Mr. Moussa had exploited his friendship with Finance Minister Jacques Delors to disguise the operation.

Relations between the two exchanges have not always been so intensely competitive. In fact, they have coexisted for decades, seeming content to divide the commodity contracts between their two floors.

They stayed out of each other's way in the early days of financial futures. The Merc got a head start by establishing in the early 1970s a division called the International Monetary Market to trade currencies.

Debt-Laden Brazil Bets Heavily on Huge Amazon Project

By Warren Hoge
New York Times Service



SERRA DOS CARAJAS, Brazil — Even for Brazil, where national leaders like to think big, the project now getting under way at this Amazon site is immense.

Brazil counts on seeing a minimum of \$61 billion invested for this purpose over the next decade. That amount equals the country's foreign debt, which is the largest in the developing world.

The entire undertaking called Great Carajas extends across 160,000 square miles and also includes cattle raising, forestry and farming. Everything except the iron ore mining now under way is to be put in the hands of private business groups.

There is so much iron in the rusty earth of this area that engineers use lumps of iron ore as doorstops. The hospital, school, clubs and commercial zone being built here are on top of a major vein. "It will be 30 years before we get around to digging it," said Cesar Bortot, head of the country force.

Because the project's cost is so hard, all of the new settlement's piping is above ground, and utility poles are set in concrete shoes 2 feet thick.

It was unbelievable," he said. "It seemed impossible to imagine that something like that was still waiting to be discovered on earth at a time when men were preparing to go to the moon."

U.S. Steel became a minority partner with the state-owned Vale do Rio Doce Co. in 1971. By 1977 the Brazilians dissolved this relationship, and U.S. Steel withdrew for a reported \$50 million.

The government promises investors the benefit from incentives already in effect for development programs in the neglected northeastern part of Brazil.

Bankers Expect Italy to Step Up Borrowings

By Carl Gewirtz
INTERNATIONAL HERALD TRIBUNE

PARIS — Italy, already Western Europe's largest borrower in the Euro market, appears to be planning to step up the volume of its syndicated loans over the next 12 months.

That is the conclusion bankers draw from Italy's decision to seek parliamentary approval to abolish, for at least one year, the withholding tax on interest payments for foreign loans.

The tax in any case is always paid by the borrower. But it means that many Italian entities find the cost of borrowing abroad too high.

Italian loan syndications have been marked by considerable confusion, with more than one borrower often in the market. The Bank of Italy's recent attempt to enforce a queue system seems rather lame — as ENI showed last week by opening talks on bridging finance until its turn to borrow comes up next year.

SYNDICATED LOANS

on importance in view of the effort to encourage borrowers to tap the Euro market.

Yugoslavia, for example, is having considerable difficulty putting together the \$400 million it is seeking for 7 years — despite the 1 1/2-percent margin it is offering to pay over Libor.

At the same time, Venezuela's state housing agency Inavi, is looking for \$400 million for one year, offering a margin of 3/4 point over Libor and a management fee of 3/32 percent.

CURRENCY RATES

Table with columns for currency, rate, and date. Includes interbank exchange rates for Nov. 20, 1981.

Dollar Values

Table with columns for currency, rate, and date. Includes dollar values for various currencies.



Pierre Moussa: From acclaim to controversy.

But now Chicago's second successful listed contracts in live hogs, pork bellies and lumber. Further clashes are likely also over the trading of stock index futures, if they are instituted, and over affiliations with foreign futures exchanges.

But many believe that the Merc's mix of short-term contracts and its international reputation put it in a good position to compete over the next few months.

Relations between the two exchanges have not always been so intensely competitive. In fact, they have coexisted for decades, seeming content to divide the commodity contracts between their two floors.

During the second week in November, according to Mercantile Exchange figures, more than 75 percent of the 43,700 certificate of deposit contracts that changed.

After bitter, still-secret debate between moderates and hard-liners within the Socialist government, however, the nationalization bill took over Paribas in its entirety.

Stung by the challenge to his judgment and accomplishments, Mr. Moussa then apparently decided to fight back by demanding an attempt by Paribas foreign investors to buy up key subsidiaries and, ultimately, form a parallel, privately owned international Paribas.

The technique was for the parent company Paribas to sell its shares in some of its subsidiaries to other subsidiaries, thereby reducing the French company's control.

All of these Securities have been sold. This announcement appears as a matter of record only.

GENSTAR

Genstar Corporation (Incorporated under the laws of Canada)

U.S. \$75,000,000

17 1/2% Debentures due October 15, 1989

- List of financial institutions: Societe Generale de Banque S.A., Orion Royal Bank Limited, Generale Bankmaatschappij N.V., Amro International Limited, Credit Suisse First Boston Limited, Merrill Lynch International & Co., Morgan Stanley International, Societe Generale, Union Bank of Switzerland (Securities) Limited, Westdeutsche Landesbank Girozentrale.

- List of banks: Abu Dhabi Commercial Bank, Banca Commerciale Italiana, Banque Bruxelles Lambert S.A., Banque de l'Indochine et de Suez, Bayerische Hypothek- und Wechsel-Bank, Citicorp International Group, Dai-ichi Kangyo International Limited, Finanzière Dewey S.A., Greencastle Incorporated, Kuhn Loeb Lehman Brothers International, Ltd., Landesbank Rheinland-Pfalz Girozentrale, MacLeod Young Weir International Limited, Nesbitt, Thomson Limited, Nordica Bank Limited, Pierson, Heidring & Pierson N.V., Smith Barney, Harris Upham & Co. Incorporated, Union de Banques Arabes et Françaises (U.B.A.F.) Bahrain Branch, Alahli Bank of Kuwait (K.S.C.), Banca del Gottardo, Banque Degroof S.C.S., Banque Française du Commerce Extérieur, Banque Internationale à Luxembourg S.A., Banque Ippa S.A., Banque Privée de Gestion Financière, Banque de l'Union Européenne, Banque Worms, Bayerische Hypothek- und Wechsel-Bank Aktiengesellschaft, Bear Stearns & Co., Christiani Brothers & Kreditkasse, Commerzbank Aktiengesellschaft, Compagnie de Banque et d'Investissements, C.B.I., Crédit Industriel d'Alsace et de Lorraine, Crédit Industriel et Commercial, Crédit Lyonnais, Richard Daus & Co. Bankiers, DG BANK Deutsche Genossenschaftsbank, Dominian Securities Ames Limited, Genossenschaftliche Zentralbank A.G.-Vienna, Girozentrale und Bank der Österreichischen Sparkassen, Hambros Bank Limited, Handelsbank N.W. (Overseas) Limited, Kidder, Peabody International Limited, Kuwait Foreign Trading Contracting & Investment Co. S.A.K., Landesbank Rheinland-Pfalz Girozentrale, Kuwait International S.A., Manufacturers Hanover Limited, Mitsubishi Bank (Europe) S.A., Samuel Montagu & Co. Limited, Morgan Grenfell & Co. Limited, The Nikko Securities Co., (Europe) Ltd., Nippon European Bank S.A., Nouria International Limited, Österreichische Landesbank, Peterbroeck, Van Campenhou & Cie S.C.S., Pitfield, Mackay Ross Ltd., Skandinaviska Enskilda Bankin, Société Séguaizer de Banque, Swiss Volksbank, Union Bank of Norway, Vereins- und Westbank, Aktiengesellschaft, J. Vontobel & Co.

International Bond Prices - Week of Nov. 19

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

Table of recent bond issues with columns for Amt, Security, Middle Price, Yield, and other financial metrics.

STRAIGHT BONDS All Currencies Except DM

Large table listing straight bonds across various currencies, including columns for Amt, Security, % Mat, Middle Price, Yield, and other details.

HIGHEST YIELDS to Average Life Below 5 Years

Table listing the highest yields for bonds with an average life below 5 years.

HIGHEST YIELDS to Average Life Above 5 Years

Table listing the highest yields for bonds with an average life above 5 years.

HIGHEST CURRENT YIELDS

Table listing the highest current yields for various bond categories.

Table of DM Straight Bonds, listing various international bonds with their respective prices and yields.

DM STRAIGHT BONDS

Large table of DM straight bonds, organized by country (Australia, Austria, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, South America, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, USA, West Germany).

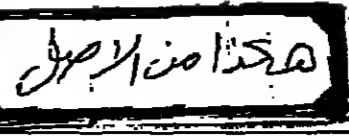
American Exchange Options For the Week Ending Nov. 20, 1981

Table of American exchange options, showing call and put prices for various currencies and dates.

COMING IN DECEMBER

Advertisement for FOCUS ON HONG KONG, a special supplement by the International Herald Tribune.

Advertisement for WestLB, featuring Eurobonds, DM Bonds, and Schulscheine, with contact information for various offices.



How a Contest of Wills Led to Moussa's Fall

(Continued from Page 17) final meeting with Mr. Moussa, who had promised to prevent the subsidiaries' departure. "An entire," shouted French Prime Minister Pierre Mauroy in a tumultuous Parliament. A historical allusion to the royalists who fled to Coblenz, on the French border, to plot against the French revolution, the term carried an undertone suggesting Mr. Moussa had an unFrench, international business mentality that blinded him to French sensibilities. Symbolic importance "Moussa didn't understand Paribas was a symbol, like the Rothschilds, and you can't negotiate about a symbol," commented a Socialist...

that would incite more radicalism in the Socialist party. The whole episode coincided with mounting frustration among leftists about delays in the nationalization and employment programs. Some members of the Paribas board are personal friends of President Francois Mitterrand; others were anxious to curry favor with the new government. "Those bankers had never really liked Moussa and they were scared for their own jobs," a Socialist government official said. "It was a perfect chance to dump a man they resented and get credit for being team-players with the Socialists." Meanwhile, the government had found a way to get its revenge on Mr. Moussa by reopening a smuggling case involving Paribas. In July, 1980, the Paribas department managing the portfolios of wealthy individuals arranged to split 35,000 gold coins — valued at \$6 million — out of France. State's Revenge The coins belonged to Pierre-Jean Laticopere, heir of a Toulouse aircraft manufacturer. The gold board, handed down in the family, had been socked away under the floor of the drawing room at the family chateau and never touched. It was not discovered by the German troops occupying the chateau during World War II, not even broached when the family-owned factory lacked capital so badly it had to lay off workers. Convinced that France was becoming unsafe, Mr. Laticopere accepted a Paribas proposition last year to smuggle out his gold. Mr. Moussa, as the bank's head, was legally implicated, although it is unclear whether he actually knew about the operation, on which Paribas reportedly received a 10-percent commission. Counters took the gold in five batches to Luxembourg, then via Belgium to Canada. In the process, some of the original Indian-head coins were skimmed off and replaced with less valuable coins — for an additional estimated profit of \$80,000, for Paribas or some of its employees. The crime was discovered last year by police when they raided this specialized Paribas department and found records listing several hundred French people whose capital fled France via Paribas in previous electoral scares. This kind of offense is normally settled with a fine, and the French authorities initially set a fine for Mr. Laticopere, who arranged to pay it with an interest-free loan from Paribas to spare him from having to dump his coins on the market at once. Second Investigation But early this month the government announced that it intended to prosecute instead. Last week it opened a second investigation — involving Mr. Moussa as head of the bank and several bank officers together with 55 more Paribas clients allegedly involved in exchange-control offenses involving \$40 million. This case involved another system of fraud in which foreigners deposit hard currency in a Swiss branch of Paribas and get French francs in Paris; then a French customer of Paribas, who provided the French francs in Paris, can pick up the hard currency abroad, thereby eluding currency controls. Ironically, the offenses for which Mr. Moussa risks jail were uncovered in the first place under the government of former President Valéry Giscard d'Estaing — probably as a result of Mr. Moussa's quarrel with the former president. Now they have been picked up as a weapon by the Socialists.

In a further irony, French officials hint the government eventually would have sold off Paribas' Swiss and Belgian subsidiaries anyway because they could not be run profitably as nationalized banks. But because of Mr. Moussa's head-on collision with the authorities, France's Socialists seem set to make an example of him. Meanwhile Paribas' new head — Jean-Yves Haberer, a former director of the French Treasury — will have a formidable task trying to restore French and international confidence in Paribas.



Jacques Delors

Exchanges Battle Over Future of Futures

(Continued from Page 17) hands were traded on the Merc. The reason for the great imbalance, experts say, is that traders have been able to "spread," or arbitrage, their trades against the 90-day Treasury bills, which are traded on the Merc also. "With a new contract the user's main concern is can he get out easily; that's the big question," Mr. Melamed said. "We had the 90-day T-bill contract. So when you're in trouble and can't sell CDs, you can sell T-bills and cover 80 percent of your exposure. The T-bills provided us with an emergency exit." Because the Eurodollar contract

would possess characteristics similar to those of the other short-term instruments that are trading successfully at the Merc, that exchange is predicting that it will handle most of the volume when the contract begins trading in December or early next year. The Merc is so confident of success that it is rebuilding its exchange floor to accommodate increased futures trading. It is already promoting itself as the world's largest futures exchange, based on the number of contracts listed. It has 13, the Board of Trade, five. But other yardsticks show the distinction has yet to be decided. In the first six months of this year, the latest period for which comparable data are available, the volume at the Board of Trade in financial futures stood at 7.1 million contracts, compared with 6.4 million at the Merc. Volume for the Board of Trade's Treasury bond contract generally exceeds 60,000 contracts a day, making it the most successful financial futures contract ever. To prevent the Merc from overtaking it, the Board of Trade

reached an affiliation agreement, pending approval by the membership, with the struggling New York Futures Exchange (a subsidiary of the New York Stock Exchange) that many futures experts interpret as a "stop-the-Merc movement." By pooling their listed contracts the two exchanges hope to come up with the arbitrage combinations that have worked for the Merc. "The competition has shifted from New York versus Chicago to Chicago versus New York," Leslie Rosenthal, chairman of the Board of Trade, said last week, adding, "If we didn't make this type of association the future would be settled for us."

Rally Propels Bond Volume to Record Levels

(Continued from Page 17) day that the current rally may be two-thirds over. "On the basis of the average decline in long-term interest rates for the post World War II period, one might conclude that the current rally is more than two-thirds over in some sectors of the bond market," he told a seminar in New York. But, as one was remarked, that means there still is another third to run. A modest volume of new issues were marketed last week. Household Finance International launched a \$75-million, 7-year issue with an indicated coupon of 15 1/2 percent and within 24 hours the size was increased to \$100 million and the coupon cut to 15 percent. Priced at par, it ended the week at 99 1/2.

In the Asia-dollar market, Hospital Corp. of America is offering \$50 million of seven-year paper bearing a coupon of 15 1/2 percent. In the floating rate sector, Sun Hung Kai Securities Ltd., Hong Kong's largest securities broker, is offering \$30 million of notes issued through a subsidiary registered in Bermuda. The firm, which has close ties to top U.S. and European banks, brokers and commodities firms, is offering a coupon set at 4 1/2 percent over the six-month interbank rate and guarantees a minimum coupon of 7 percent. Den Norske Creditbank is offering \$45 million of 12-year notes with interest set at a quarter-point over the mean of the bid-offered six-month interbank rate.

Tradiinvest, the financing arm of Italy's state energy company ENI, is raising \$150 million through an eight-year floating rate note bearing interest at a quarter-point over the interbank rate. The coupon is guaranteed to never be set below 5 1/2 percent. In the convertible sector, Rhythm Watch Industry Co. Ltd. is offering \$15 million of bonds due March 31, 1997, and bearing a semiannual coupon of 6 percent. The bonds will be convertible into shares starting Jan. 4. To protect investors against an erosion in the price of the underlying stock, Rhythm will offer bondholders an option to redeem in 1987 at a premium to yield 10 percent discounted annually. In the Canadian dollar sector, PanCanadian Petroleum, a Calgary-based energy company 87-percent owned by Canadian Pacif-

ic Enterprises, is offering 50 million Canadian dollars of seven-year notes which are expected to bear a coupon of 16 1/2 percent. A 15-year issue of 50 million Canadian dollars for Canadian Utilities Ltd. was priced at par last week bearing a coupon of 17 percent. In the Deutsche mark sector, New Zealand is expected to offer 150 million DM of eight-year bonds bearing a coupon of 9 1/2 percent. The 150 million DM, 10-year issue for Hydro Quebec, guaranteed by Quebec, has been priced at par bearing a coupon of 10 1/2 percent. The coupon on the 150 million DM, eight-year convertible for Mitsubishi Heavy Industries was set at the indicated 6 percent. Priced at par, the bonds are convertible at 2.55 DM per share, representing 263 yen at a fixed exchange rate of 1.0314 DM per 100 yen. The shares were trading around 250 yen in Tokyo, putting the conversion premium close to the indicated 5 percent.

Consolidated Trading Of NYSE Listings. Table with columns for Stock, Sales, High, Low, and Change. Includes stocks like Meroll, Firestone, Goodyear, Exxon, etc.

Consolidated Trading Of AMEX Listings. Table with columns for Stock, Sales, High, Low, and Change. Includes stocks like Doan's, Int'l, etc.

European Economic Community is raising 100 million guilders through the sale of a 12-year bond bearing a coupon of 12 1/2 percent. The issue price will be fixed on Monday. A sinking fund starting in 1984 reduces the average life of the issue to 7 1/2 years. Eurobond Yields\* Week Ended Nov. 18 (U.S. Dollars) International institutions 14.42 % Industrial, long term 14.36 % Industrial, medium term Canadian dollars, medium term 14.86 % French fr. medium term 17.51 % Unit of acc. long term 13.63 % Market Turnover Week Ended Nov. 20 (Billions of U.S. Dollars) Total 5,300.9 4,187.8 1,113.1 Codel 9,856.3 9,125.2 731.1

Gold Options (prices in \$/oz.) Table with columns for Month, Nov., Dec., Jan., Feb., Mar., Apr., May. Includes prices for 400, 600, 800, 1000.

Valueurs White Weld S.A. 1, Quai de Mont-Blanc 1211 Geneva 1, Switzerland Tel. 31.02.51 - Telex 28.305

BEAT INFLATION GUARANTEED. DOLLAR (Con.) 18 %, PESETA (Spain) 18 %, DOLLAR (U.S.) 17.50 %, STERLING (£) 15.75 %, MARK (Deutsch) 18 %, FRANK (France) 12.75 %, FRANK (Swiss) 8 %. NET RETURN: Minimum deposit equivalent \$500. Withdrawals in any amount can be effected on maturity of the agreed notice. Interest paid or credited yearly. All interest paid is net and without deductions (taxes, etc.) at source. All transactions confidential. Deposits are unconditionally guaranteed. Write to Manager for further information.

NEW ISSUE NOVEMBER, 1981 International Bank for Reconstruction and Development Kuwaiti Dinars 30,000,000 10 per cent. Bonds due 1991 Kuwait Investment Company (S.A.K.) Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Kuwait International Investment Co. s.a.k.

A CAPITAL CHOICE. Investors find in Luxembourg all the facilities which made that city a highly active financial center. We have been established locally since 1919 and are a founding member of the Luxembourg Stock Exchange. Banque Générale du Luxembourg is also ready to assist in the incorporation of holding companies and to perform all duties in connection with their registration, domicile and administration. A strong bank in a strong location. Banque Générale du Luxembourg 27, avenue Monterey L-2163 Luxembourg Tel. 47 99 1

NEW ISSUE NOVEMBER, 1981 Crédit National Kuwaiti Dinars 7,000,000 10 per cent. Guaranteed Bonds due 1991 (redeemable at the option of holders in 1988) Unconditionally guaranteed as to payment of principal, premium, if any, and interest by The Republic of France Issue price 91 1/2 per cent. Kuwait Investment Company (S.A.K.) Banque de Paris et des Pays-Bas Alahli Bank of Kuwait K.S.C. The Gulf Bank k.s.c. Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Kuwait International Investment Co. s.a.k. The National Bank of Kuwait S.A.K.

International Bond Prices - Week of Nov. 19

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

Table of International Bond Prices - Week of Nov. 19. Columns include Amt, Security, Middle Price, Conv. Pct, and Yield. Includes sub-section (Continued From Page 18).

Convertible Bonds

Table of Convertible Bonds. Columns include Amt, Security, Middle Price, Conv. Pct, and Yield. Lists various convertible securities from different countries.

Over-the-Counter

Table of Over-the-Counter securities. Columns include Amt, Security, High, Low, Last, and Net. Lists various securities traded over-the-counter.

Mutual Funds

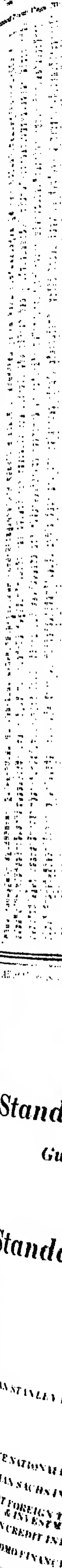
Table of Mutual Funds. Columns include Name, Assets, and other fund details. Lists various mutual fund investments.

HIGHEST CURRENT YIELDS

Table of Highest Current Yields. Lists securities with the highest yields, including columns for Security, Yield, and other details.

Explanation of Symbols

Explanation of Symbols: CSE Canadian Dollar, SDR Special Drawing Rights, etc.



Handwritten note in a box: "Handwritten note in a box"

Over-the-Counter market data table with columns for stock symbols, prices, and changes. Includes sub-sections for various market segments.

Chicago Exchange Options market data table with columns for option symbols, prices, and changes.

Advertisement for Standard Chartered Bank Limited, featuring the headline "U.S. \$100,000,000 Standard Chartered Finance B.V. Guaranteed Floating Rate Notes 1991".

Treasury Bills market data table with columns for bill maturities, prices, and yields.

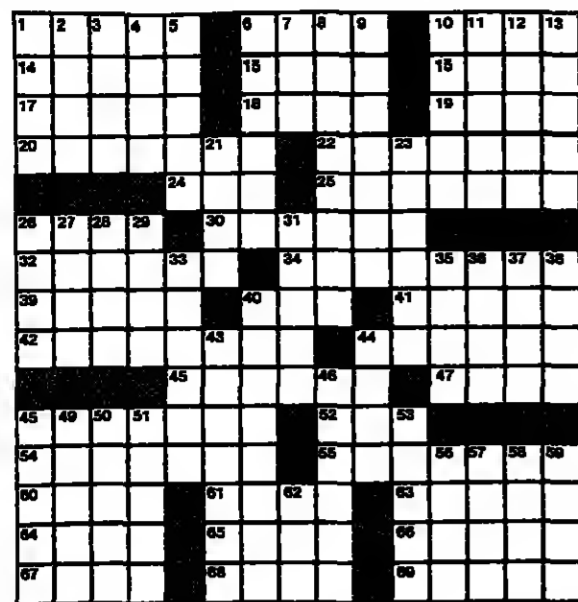
ARMORED VEHICLES advertisement: Italian company specialized in armored vehicles for civil police and military use.

BEAR STEARNS advertisement: This announcement appears as a matter of record only. Bierbaum & Co. oHG and its subsidiaries have merged with R. P. Martin & Co. Limited.

ESORTS & GUIDES advertisement: Classified advertisements for travel agencies and guides in various cities including London, Amsterdam, Geneva, and Zurich.

CROSSWORD

By Eugene T. Malaska



- ACROSS
1 Leigh or Gaylor
6 Sedans or coupes
10 "I'll be a gey"
14 Debe's advice to workers
15 "There oughta be a..."
16 Seafood derivative
17 Mortise's partner
18 Place to get separated from one's spouse or money
19 "Raton, Fla."
21 Welsh port
22 Folded page corners
24 Limp
25 Ballroom dance
26 "The World According to..." living
29 Fabulous aquatic creatures
32 Alaskan natives
34 Urban legislator
38 City in upstate N.Y.
40 "Baker Priest, ex-Treasurer
41 Choice morsel
42 "Be good and you'll be..." Train

WEATHER

Table with weather forecasts for various cities including Algiers, Amsterdam, Ankara, Athens, Auckland, Bangkok, Beirut, Belgrade, Berlin, Boston, Brussels, Bucharest, Buenos Aires, Cairo, Casablanca, Chicago, Copenhagen, Costa del Sol, Damascus, Dublin, Edinburgh, Florence, Frankfurt, Geneva, Helsinki, Hong Kong, Houston, Istanbul, Jerusalem, Las Palmas, Lima, Lisbon, London, Los Angeles, Madrid, Manila, Mexico City, Miami, Milan, Montreal, Moscow, Munich, Nairobi, Nassau, New Delhi, New York, Nice, Oslo, Paris, Perth, Prague, Riyadh, Rio de Janeiro, Rome, Salisbury, Singapore, Seoul, Shanghai, Stockholm, Sydney, Taipei, Tel Aviv, Tokyo, Toronto, Warsaw, Washington, Zurich.



JUMBLE THAT SCRAMBLED WORD GAME by Henn Arnold and Bob Lee. Includes a grid of letters and a cartoon illustration.

DENNIS THE MENACE cartoon strip showing Dennis and his friends.

BOOKS

THE CHILD SAVERS

Juvenile Justice Observed
By Peter S. Prescott. 244 pp. \$12.95.
Alfred A. Knopf, 201 East 52nd Street, New York 10022.

Reviewed by Michiko Kakutani

THERE is a terrible sort of irony about the title of Peter Prescott's book "The Child Savers." As he documents the extraordinary incompetence, callousness and simple ineffectuality of New York City's juvenile-justice system, it becomes all too apparent that this institution set up to ease the grief and pain of families, frequently ends up furthering their despair. It is a story of good intentions gone awry; of liberal, humanitarian impulses shattering against an intractable and bleak reality of children whose innocent victims become victimizers—who have fallen into the crevices of modern life.

What's more, court decisions, when they are finally made, are apt to offer little solace. Although it is the parent who is at fault in neglect and abuse cases, it is the child who is shipped off to an institution or turned into an orphan, left to wander from one foster home to another. And the fate of violent delinquents is similarly bleak: let go, many are likely to repeat the acts that brought them to court in the first place; sentenced they are likely to end up in a place like the Spofford detention center, where drug abuse, sexual assaults and beatings have been a fact of life.

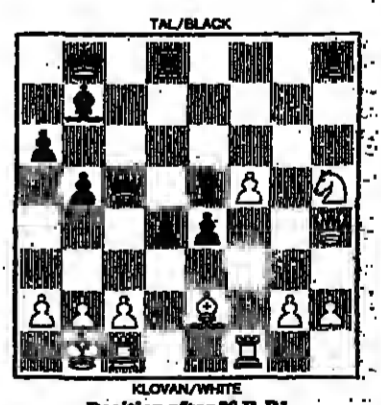
Athens School Confirms A Find in the Agora

New York Times Service
NEW YORK—A major archaeological discovery in Athens—the foundation of one of the most prominent buildings of the Classical period in Greece—has been confirmed in New York by the American School of Classical Studies at Athens. The building, which dates from 470 to 460 B.C., is known as the Painted Stoa, from the works by important artists of the period that once adorned its walls. One of the principal early buildings in the Agora, or Athenian civic center at the foot of the Acropolis, the stoa was a favorite haunt of philosophers and gave its name to the followers of Zeno known as the Stoics, who gathered there. The existence of the stoa has been informally known since the summer following reports in foreign newspapers of the find by Prof. T. Leslie Shear, director of the Agora excavations and professor of classical archaeology at Princeton University in New Jersey. Last week, Mr. Shear dismissed a statement issued in September by Greek authorities that "scientific doubts" remained about the stoa and that he was too hasty in unreservedly asserting to have found it. The Greek Ministry of Culture also complained at the time that he had released news of the find without consulting the Greek government, and the government wanted that legislation would be tightened and restrictions placed on the school if it failed to consult with Greek authorities on its activities. "Those statements need not be commented on," Mr. Shear said. "The Greek government has changed since they were made." He pointed out that the Greek consul general in New York, attended a celebratory dinner given by the school Friday evening. "On a scientific basis, our identification is correct," he added. "All the artifacts and material evidence and the historical descriptions and documentation leave no doubt that this is the Painted Stoa." Citing the find as "of major archaeological and historical significance," Mr. Shear said, "We had hoped to find the Painted Stoa, and we weren't exactly surprised that we did. But it's very thrilling to find one of the great buildings of antiquity." An official report of the find was given Friday by Mr. Shear to the school's trustees. The school, celebrating its 100th anniversary, was founded by a group of American businessmen and scholars and is recognized by the Greek government as the official agency for field work by Americans in Greece. It began excavations on the 25-acre site at Athens in 1931.

CHESS

By Robert Byrne

ARE former world champions too proud to be listed as official match seconds? Mikhail Tal came to the 1978 championship match in the Philippines ostensibly as correspondent for the Moscow magazine "64," but when asked about the chance of his moonlighting as an additional second for Anatoly Karpov, he said, "If Anatoly should ask me whether one move is better than another, I cannot keep silent."



Tal is once again not numbered among the world champion's seconds for the title match now going on in Merano, Italy, but, of course, if there are questions... Tal has been having a great year, taking four first prizes and playing 69 games without a loss. His most recent triumph was in the Riga International Tournament, where he scored 11-4. Tal felled his fellow Latvian, the international master Jan Klovian, with crushing gambit play. The Richter-Rauzer attack, 6 B-KN5, was originally used to discourage Black from heading into the Dragon variation with 6... P-KN3, the point being that 7 BxN, PxN not only doubles the KBP but also isolates a backward QP. Since the 1930's, White's task has been how to get the upper hand against 6... P-K3. It has been thought that, after 8... n. P-R3, White gets the advantage by 9 B-KB4, B-Q2 (9... N-N2?; 10 QxN, P-K4?; 11 BxKf7; 10 N-N2, BxN; 11 P-B3, P-Q4; 12 Q-K1, B-N5; 13 P-Q3, B-N2; 12 P-KR3, B-N3; 15 P-F, BxP; 16 B-K3, O-O; 17 Q-R4. But 17... B-K6ch; 18 K-N2, N-Q2; 19 QxQ, K-RxQ; 20 NxB, PxN is an adequate defense. Black cannot capitalize on 9 B-K3 by 9... N-KN3? since 10 N-N2, PxN; 11 B-B5, B-N2; 12 P-KR3, PxR; 13 QxQch, RxQ; 14 RxRch, KxR; 15 P-N3—as in the second game of the 1957 Smyslov-Botvinnik world championship match—gives White clear end-game superiority. Currently 9... N-N3 is all the rage. After 10 B-N2, it makes possible 10... P-QN4 and the active development of the QB with...

Advertisement for Aquascutum classic British coats. Includes an illustration of a woman in a coat and the text 'ASK FOR IT EVERY DAY. EVERYWHERE YOU GO. International Herald Tribune We've got news for you.'

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Iowa Earns Rose Bowl Berth Against Washington

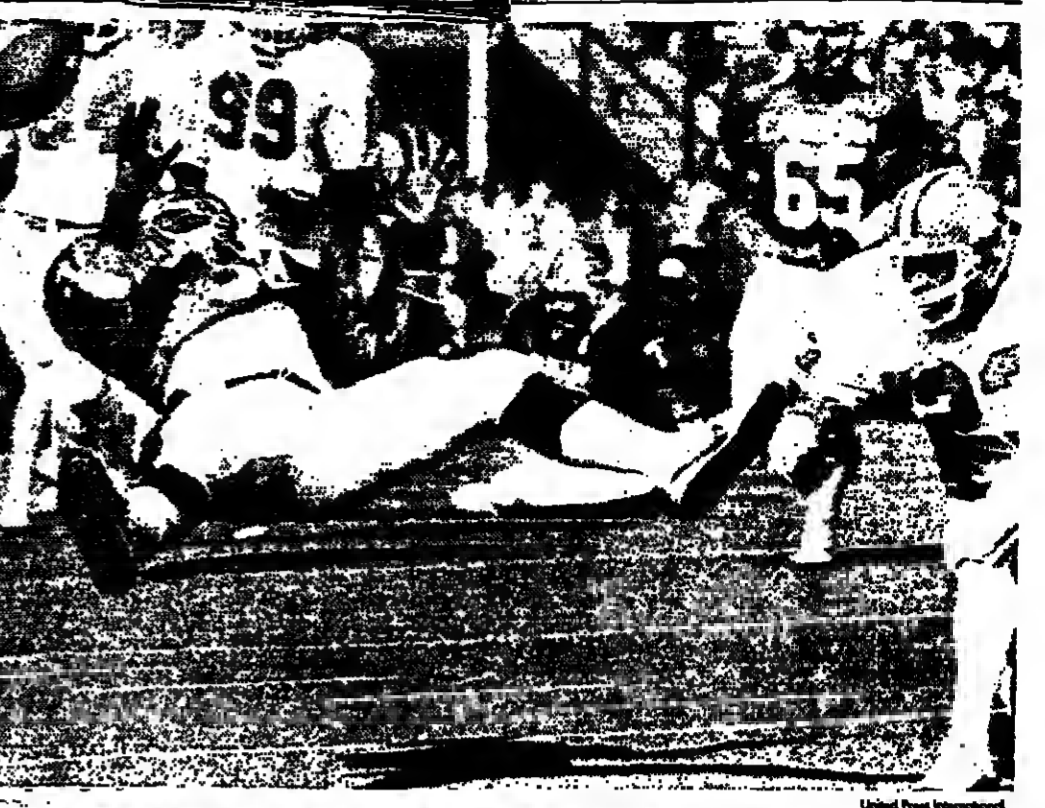
IOWA CITY, Iowa — Phil Hatcher rushed for 247 yards and two touchdowns...

The victory completed a rapid turnaround in the Iowa program under third-year coach Hayden Fry...

Cotton Bowl: Texas, which clinched the berth with a victory over Baylor while SMU eliminated Arkansas...

North Carolina meets Arkansas in the Gator Bowl (Dec. 28); Ohio State plays Navy in the Liberty Bowl (Dec. 30) and Michigan and UCLA go at it in the Bluebonnet Bowl (Dec. 31)...

Huskies drove 63 yards for the go-ahead score late in the second quarter. Clemson 29, So. Carolina 13...



South Carolina's Kent Hagood lost the ball after colliding with safety Jeff Suttle (23) in Clemson's 29-13 victory Saturday. The winners are 11-0 and will play Nebraska (9-2) in the Orange Bowl.

Bengals Beat Broncos, 38-21; Anderson Stars

CINCINNATI — Quarterback Ken Anderson passed for 396 yards and three touchdowns Sunday to pace Cincinnati to a 38-21 National Football League rout over Denver...

Bill Casper, who kicked three field goals, gave the Buccaneers a 3-0 lead with a 47-yarder in the first quarter...

In Cleveland, Donnie Shell intercepted three Brian Shipley passes and five Steelers scored short-yardage touchdowns...

12:55 remaining, Eagle punter Max Ramage shanked one off the side of his foot — carrying 9 yards to the Philadelphia 32...

SMU 32, Arkansas 13 In Fayetteville, Ark., Eddie Garcia kicked four field goals...

USC 22, UCLA 21 In Los Angeles, Marcus Allen, the most prolific single-season rusher in the history of college football, ran for 219 yards...

Freshmen Coming On Strong in U.S. Collegiate Basketball

WASHINGTON — In 1980, Louisville became the first team to win the National Collegiate Athletic Association Division I basketball championship with a freshman, Rodney McCray...

dominated many of last spring's all-star games. Georgetown, without adding freshmen, returns five starters from its 20-12 team...

men, Duke and Maryland will fight for sixth place and Georgia Tech will be better, but still last. Alabama-Birmingham should win the Sun Belt Conference...

Downing to make up for the loss of Mark Aguirre, Marquette has added experience but Notre Dame could be down, having lost its three top players...

The Western Athletic had a great season a year ago with Brigham Young, Wyoming and Utah earning national attention...

All Blacks Throttle France, 18-6, for Test Sweep

Yes, good at ball-winning in the lineouts and rucks that matter. Good at defense all over the field. And shrewdly led...

It was Team Karpov over Team Korchol. A victory (to paraphrase The New York Times) Robert Byrne on Anatoli Karpov's world title victory Friday...

friend pointed out that surely no one ever will. "Strange things do happen," the quiet captain under-stated, but his eyes were alight with all manner of never-to-be-said pleasure...

Selected U.S. College Football Scores

Table listing college football scores for various teams like Boston College, Wake Forest, etc.

Arguello Retains Title on KO Over Elizondo in 7th

Arguello retained his title Saturday night by knocking out Roberto Elizondo in the seventh round...

NHL Standings

Table showing NHL standings for various teams like NY Islanders, Pittsburgh, etc.

NBA Standings

Table showing NBA standings for Eastern and Western Conferences, including teams like Philadelphia, Boston, etc.

Versatile Moncrief Keeps Bucks in NBA Hunt

associated with pro basketball for 20 years, 14 as a player. "He couldn't survive without going to the basket the way he does..."

high school player, Moncrief's next stop was the University of Arkansas, where he became an all-American and an outstanding pro prospect...

and 4.4 rebounds. Last November, he replaced Winters as a backcourt starter and averaged 14 points and 5.1 rebounds...



Sidney Moncrief was airborne Friday night as Buck teammate Kevin Stacom and Boston's Chris Ford (42) went for a rebound.

Transactions, Ballesteros Wins in Japan, El Salvador Cup Qualifier, Lendl Argentina Winner

Language

Down the Upscale

By William Safire

NEW YORK — When two newsmagazines covered the demise of a newspaper's afternoon edition, both used a word favored by mediators, upscale: "The News's upscale Manhattan section will be eliminated," wrote Newsweek. Time magazine quoted an unnamed source as saying, "They are trying to go back downscale now, but they forget the reason we went upscale is that downscale wasn't working."

Jean Brandes of Whitehouse Station, N.J., asks, "Isn't it too pricey for words?" Since newsmagazine editors are busy running up the down scale, I turned to Fred Mish, editorial director of G.A.C. Merrimack Co. for the usage pattern. He found a glossary of media terms published by Batten, Barton, Durstine & Osborn, the ad agency, in 1966, which described both up-scale and downscale, with the main entry for downscale: "A market or audience with above-average representation at the lower end of the socioeconomic scale."

"The flood of citations marking the present vogue began in 1979 and continues unabated," Mish reports, pointing to the extension of its meaning to include things as well as people: "To combinations like 'upscale audience,' 'upscale market' and 'upscale consumers' are now added 'upscale south-of-France treat' (of a recipe for bouillabaisse) and the designation of a fashionable men's jacket based on the old Air Force flight jacket as 'upscale fatigues.'"

IN A recent Time magazine account of the sale of AWACS aircraft, the editors permitted this reference to an order made by the Shah of Iran: "planes that fortunately were never delivered." "Fortunately" means "by chance, by accident, through a stroke of good or bad fortune"; the word Time had in mind was "fortunately," which means "luckily, through good fortune." The distinction between the two words should be maintained. The acceptance of the blurring of this distinction is an example of downscaling.

JUST ABOUT every newspaper in the United States carried the etymology of "Weather Underground." A line in a Bob Dylan song, "You don't need a weatherman to know which way the wind blows," became the basis for "Weatherman," then some women members objected to the male-sounding ending, and the name was changed to "Weatherpeople"; when some members stormed about that, "Weather Underground" was adopted, with its immediate overtones of World War II resistance fighters and a deeper etymology from Dostoyevsky's "Notes From the Underground."

Some reporters, however, were entranced by the language of political activism and did not treat the holdup of a Brink's truck as a heist: "I say it's a bank job," writes Thomas Allen of Bethesda, Md. "I also say that newspapers and the police (law-enforcement personnel) should stop elevating crime to political activity. The CIA may encourage agents in safe houses, but outside the headlines, it's crime. There are no political crimes in this country, but there are criminals who are adding to their crimes by robbing words of their meaning."

What, one wonders, does Trilling make of her own spacious apartment near Columbia University — this apartment filled with Italian and Japanese prints, vases of fresh flowers, wicker chaise longue and bookshelves lined with Eliot and Proust and Freud. "You come into this room," she says, in the same voice of cultivated assurance that informs her prose, "and I would hope that what you saw had some kind of relation to my judgments in terms of how I live, how I choose my friends. You would say that is a great eclecticism in this room — there's a lot that's modern and there's a lot that's old. It's not just aesthetic. It says: here is someone whose life has been based in tradition, but who is not refusing what is going on in the contemporary world."

In the past, this determination to bring some sort of moral or moralistic sense to her sharp critics have said — judgment to bear on both literature and public issues has animated her essays on such disparate subjects as the Columbia student uprising, Norman Mailer and the work of D.H. Lawrence, and she attempts to employ this Arnoldian approach to criticism in her new book. For Trilling, the story of Jean Harris is a kind of literary love, containing "love and sexual politics, honor, money, envy, jealousy, greed, death, greatness and meanness of spirit, the an-

guishing anatomy of class differences — themes once the province of the 19th-century novel. What makes "Mrs. Harris" different from Trilling's previous work is that it promises to reach a popular audience and become a financial success. She has made appearances on the "Today" show and "Good Morning New York," and the book has already been optioned as a film for \$1 million. It is a situation the author says she finds unsettling.

"It isn't as though I sold out by writing a trashy soap opera," she says. "I wrote a serious book, but what scares me is that in the future I might automatically choose my subjects by whether or not I would have a big audience and the possibility of making money. This would not have entered my head before. It scares me, and if I were younger it would scare me a whole lot more."

Indeed Trilling, who is 76 years old, says she can remember "the days when the intellectual life was so pure that when I was considered a sellout if you earned a living." When he was starting out as an instructor at Columbia University, for instance, her late husband, Lionel, taught four courses a year for \$2,400 — a salary that was augmented by such literary odd jobs as tutoring a young man in novel-writing and giving lectures to women's clubs.

Diana Trilling: A Verdict On an Unsettling Success

By Michiko Kakutani

NEW YORK — In all her work, Diana Trilling has been interested in the relationship between aesthetics, morality and society, and in her recently published book, "Mrs. Harris," an account of the trial of Jean Harris for the murder of Dr. Herman Tarnower, she declares that an individual's "moral style" can be added to his style of life. Tarnower's suburban house, for instance, strikes her as an ugly manifestation of the doctor's belief that money "was class, and that class conferred moral stature," and she writes that the Madeira School for girls in Greenvale, Va., where Harris was headmistress, sounds like "a patrician zoo."

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In a symposium contained in her last collection of essays, titled "We Must March My Darlings," she raised questions about "Scoundrel Time," Lillian Hellman's account of the McCarthy years, and re-examined the rift that has existed for decades between intellectuals who remained vaguely sympathetic with communists and those who broke with the party.

Starlet in Shanghai

By Liu Heung Shing

SHANGHAI — Like many other commuters, China's leading lady of the silver screen gets on her bicycle, adjusts her sunglasses and fights the morning traffic to work at the Shanghai film studio. Stopped by a traffic cop for erratic cycling, Zhang Yu lowers her Dior shades, and apologizes profusely. Flustered upon recognizing her, the officer asks for an autograph and sends the 24-year-old starlet on her way.

Such are the few perks that come with being China's top actress of 1980, a status that offers no big money, no agent, no limousine, no chic lunches, no name in lights. In China's Hollywood, star earnings are based on seniority, not on talent or box office draw. The highest-paid actor or actress earns \$180 a month and might hope to have a private telephone.

Zhang carries \$32 a month, lives with her parents or in a studio dormitory with other unmarried actresses, stands in line to buy vegetables, shares household chores and attends political study sessions where she is told performers must be patriots and movies must serve China's modernization. Chaste Secret Her romantic life is a chaste secret, unprobed by even one of China's 59 movie magazines. Zhang, with close to a billion people, has more moviegoers than any other country. Last year, 3 billion tickets were sold, many to peasants who watched flickering films on grainy walls and paid with a fresh egg if they lacked the price of admission (4 to 18 cents).

But even China's film industry has some of the Hollywood mystique. The biggest film magazine, Mass Cinema, has 9 million readers. Last year, 100,000 young men and women applied for 40 seats in the prestigious Central Film Academy, where political connections help. There are 1,000 government-employed actors and actresses, and seven major studios, ranging from a vast setup built by Japanese invaders in Manchuria to the tiny Pearl River studios near Canton. A Taiwan Juliet Last year, China turned out 76 feature films, seven times more than during the chaotic 1966-76 Cultural Revolution. This year will bring more. Zhang won China's "Oscar" for best actress in a magazine poll for her performance in "Love at



Author Trilling: Antidote to loneliness.



Shanghai actress Zhang Yu.

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Vertical advertisement on the right edge of the page, partially cut off, mentioning 'leagan', 'ingre', and 'estore'.